SINGLE COPY 35 CENTS PER ANNUM $4.00

JUL 5 1932

The JOURNAL of ACCOUNTANCY

VOLUME LIV JULY, 1932 NUMBER 1

CONTENTS

Editorial 1

Whose Balance-sheet Is It? — When Should Changes be Made? — The Test Is Absence of Ambiguity — Trade Union Policies — Unionism Outside the Trades — Laws to Protect Lawyers — Tu Quoque — Professional Accountants Could Assist Railways — Different Purposes — Investigations — Election of Auditors — Undesired Publicity

The Outboard-motor Industry 12
By M. A. Feldmann

Appreciation and Dividends 29
By L. L. Briggs

Municipal and Other Governmental Audits 38
By C. E. Klanderman

Students' Department 52
Edited by H. P. Baumann

Book Reviews 67

Accounting Questions 71

Current Literature 75

Issued Monthly by

AMERICAN INSTITUTE PUBLISHING CO., INC.

Publication Office, 10 Ferry Street, Concord, N. H.

Editorial and General Offices, 135 Cedar Street, Manhattan, New York, N. Y.

President, JOHN R. NIVEN, 30 Maiden Lane, New York, N. Y. *Treasurer*, JAMES HALL, 45 Rockefeller Plaza, New York, N. Y. *Secretary*, A. P. RICHARDSON, 77 Cedar Street, New York, N. Y.

Entered as second-class matter at the Post Office at Concord, New Hampshire, under Act of [illegible]

Copyright 1932 by American Institute Publishing Co., Inc.

THIS MAGAZINE DOES NOT EMPLOY SUBSCRIPTION CANVASSERS

Authors of Articles in This Issue of THE JOURNAL OF ACCOUNTANCY

M. A. Feldmann. Certified Public Accountant (Wisconsin). With Peat, Marwick, Mitchell & Co., Milwaukee, Wisconsin.

L. L. Briggs. Associate Professor of Economics, University of Vermont, Burlington, Vermont.

G. E. Klanderman. Certified Public Accountant (North Carolina). With Seidman & Seidman, High Point, North Carolina.

Important to Subscribers

When you notify THE JOURNAL OF ACCOUNTANCY of a change of address, both old and new address should be given. Kindly write, if possible, so as to reach the publis by the fifteenth day of the month preceding the date when a change is desired.

NEWS

Concise reports of current events affecting accountants appear in the Bulletin of the American Institute of Accountants—a monthly news magazine of accountancy.

$1.00 A YEAR

AMERICAN INSTITUTE PUBLISHING CO., INC.
135 Cedar Street, New York

Bus Adm.
Mahr

INDEX

PAGE

Accountancy, Influence of the Depression on the Practice of. George O. May 336
Accounting Phases of Lumber Manufacturing, Some Economic and. Marvin F. Pixton 448
Accounting Questions:
- Accounting for Dividends 71
- Accounts of Insurance Companies 476
- Bad Debt Losses in Periods of Depression 152
- Balance-sheet for Receivership 231
- Chain-store Accounting 233
- Claim for Fire Loss 72
- Cost of Capital Supplied to Subsidiaries 73
- Depreciation of Hospital Buildings and Equipment 392
- Donation Bonds on Municipal Balance-sheet 393
- Examination of Partnership Books 232
- Overhead Expense of Accountant's Office 394

Air Transportation. Robert F. Riseling 90
American Institute of Accountants' Examinations, November, 1932 411
American Institute of Accountants, Report of the President of the. Charles B. Couchman 329
American Institute of Accountants, Trial Board 466
Appreciation and Dividends. L. L. Briggs 29
Audit of Corporations, Compulsory. Frederick B. Andrews 351
Audits, Municipal and Other Governmental. G. E. Klanderman 38
Automobile Tire Industry, The. L. Park 202

Book Reviews:
- *Advanced Accounting* 474
- *Banking* 69
- *Basic Standard Costs* 311
- *Cultural Significance of Accounts, The* 230
- *Duties of the Senior Accountant* 391
- *Economics of Public Utilities* 69
- *General Sales Taxation* 150
- *Introduction to Principles of Accounting* 474
- *Law for Laymen* 313
- *Petroleum Distribution Accounts* 314
- *Preferred Stocks as Long Term Investments* 67
- *Systems Installation in Accounting* 68

Capital in Public-utility Regulation, Working. W. A. Paton 287
Compulsory Audit of Corporations. Frederick B. Andrews 351

PAGE

Correspondence:
- Classification of Assets 309, 388
- Form of Balance-sheet 149

Cottonseed Products Industry, The. Roscoe C. Clark 170
Current Literature 75, 156, 235, 316, 396, 478

Depression on the Practice of Accountancy, Influence of the. George O. May 336
Dividends, Appreciation and. L. L. Briggs 29

Editorial:
- Accountant as Gull, The 87
- After All It Is Our Government 83
- Another Important Means of Grace 405
- Are There Too Many Accountants? 166
- Audit of Government by Government 85
- Benefits of Fellowship, The 408
- Bethlehem-Youngstown Appeal, The 243
- Calling Upon the Parishioners 322
- Cause May Be Anything, The 407
- Cheque Tax a Simple Matter 82
- Common Interest, A 406
- Conventions Present Great Opportunities 408
- Crackling of Thorns 86
- Democracy of the Unemployed, The 327
- Different Purposes in Investigations 9
- Election of Auditors 9
- General Condition of Professions 168
- "Hooray for the Principle" 84
- However, He Can Be Led to Water 251
- Important Papers on Accountancy 321
- Increasing Interest in Municipal Accounts 323
- Is Time So Worthless? 322
- Laws to Protect Lawyers 6
- Lawyer Who Would Advertise, A 245
- Legal Department, A 401
- Libraries Should Have Accounting Departments 87
- Little Foxes That Spoil the Grapes, The 81
- Misuse of Accountant's Name 163
- Need for Competence Is Imperative 327
- New Jersey Scheme, The 324
- Niceties of Professional Conduct, The 403
- Other Fellow Has His Virtues, The 409
- Part Played by Accountants, The 244
- Plain Writing Is Best and Safest 163
- Plan Explained, The 325
- Practice Has Decreased 167
- Professional Accountants Could Assist Railways 8

PAGE

Sawdust Trail, The 404
Some of the Short-comings 162
Specification and Blue Print 241
Spread of Supervision, The 161
Temporary Relief From Fees 402
Test is Absence of Ambiguity, The 4
Trade-Union Policies 5
Tu Quoque 7
Twenty Casualties Reported 242
Undesired Publicity 10
Unionism Outside the Trades 5
We Might Rejoice in Tribulation 85
What Shall the Advertiser Say? 246
What When the Horse Won't Drink? 249
When Should Changes Be Made? 3
Where Accountancy Seeks Company 328
Where Bidding Leads 243
Whose Balance-sheet Is It? 1
Why Not Make It Unanimous? 248
Words of Warning Generally Effective 165
Wrong Way to Seek Information, A 88
Young Practitioner Would Be Out-advertised, The 247
Examinations, November, 1932, American Institute of Accountants 411

Finance Company Systems. Morgan A. Casey 116

Governmental Audits, Municipal and Other. G. E. Klanderman 38

Influence of the Depression on the Practice of Accountancy. George O. May 336
Instalment Sales of Real Estate. Walter Mucklow 192
Institute Examination in Law. Spencer Gordon 382

Lumber Manufacturing, Some Economic and Accounting Phases of. Marvin F. Pixton 448

Municipal and Other Governmental Audits. G. E. Klanderman 38

Outboard-motor Industry, The. M. A. Feldmann 12

Profitable Employment of Idle Time, The. Norman Loyall McLaren 433
Public-utility Regulation, Working Capital in. W. A. Paton 287

Real Estate, Instalment Sales of. Walter Mucklow 192
Report of the President of the American Institute of Accountants. Charles B. Couchman 329

Shoe-Manufacturing Industry. G. C. Shannon 252

PAGE

Some Economic and Accounting Phases of Lumber Manufacturing. Marvin F. Pixton 448
South Sea Bubble and Mr. Snell, The. C. J. Hasson 128
Systems, Finance Company. Morgan A. Casey 116
Students' Department. Edited by H. P. Baumann.
American Institute of Accountants Examinations, May, 1932:
Accounting Theory and Practice, Part I 52, 138, 226
Part II 222, 300, 370
Auditing 374
Illinois C. P. A. Examination 60
New York C. P. A. Examination 467

Tire Industry, The Automobile. L. Park 202
Trial Board, American Institute of Accountants 466

Working Capital in Public-utility Regulation. W. A. Paton 287

AUTHORS OF ARTICLES IN THIS VOLUME

Frederick B. Andrews. Member, American Institute of Accountants. Certified Public Accountant (Illinois). Member of firm, F. B. Andrews & Co., Chicago, Illinois.

L. L. Briggs. Associate Professor of Economics, University of Vermont, Burlington, Vermont.

Morgan A. Casey. With Touche, Niven & Co., New York, New York.

Roscoe C. Clark. Certified Public Accountant (Missouri and Tennessee). With Peat, Marwick, Mitchell & Co., Memphis, Tennessee.

Charles B. Couchman. Member, American Institute of Accountants. Certified Public Accountant (New York). Member of firm, Barrow, Wade, Guthrie & Co., New York, New York.

M. A. Feldmann. Certified Public Accountant (Wisconsin). With Peat, Marwick, Mitchell & Co., Milwaukee, Wisconsin.

Spencer Gordon. Member of firm, Covington, Burling & Rublee, Attorneys, Washington, D. C.

C. J. Hasson. Associate, American Institute of Accountants. Certified Public Accountant (New York). With Miller, Donaldson & Co., Los Angeles, California.

G. E. Klanderman. Certified Public Accountant (North Carolina). With Seidman & Seidman, High Point, North Carolina.

George O. May. Member, American Institute of Accountants. Certified Public Accountant (Illinois, Missouri, New York and Pennsylvania). Member of firm, Price, Waterhouse & Co., New York, New York.

Norman Loyall McLaren. Member, American Institute of Accountants. Certified Public Accountant (California). Partner, McLaren, Goode & Co., San Francisco, California.

Walter Mucklow. Member, American Institute of Accountants. Certified Public Accountant (Florida). In practice, Jacksonville, Florida.

L. Park. Member, American Institute of Accountants. With Peat, Marwick, Mitchell & Co., Cleveland, Ohio.

W. A. Paton. Member, American Institute of Accountants. Certified Public Accountant (Michigan). Member of firm, F. E. Ross & Co., Ann Arbor, Michigan.

Marvin F. Pixton. Member, American Institute of Accountants. Certified Public Accountant (Georgia). With Peat, Marwick, Mitchell & Co., Atlanta, Georgia.

Robert F. Riseling. Member, American Institute of Accountants. Certified Public Accountant (California and Oregon). With Peat, Marwick, Mitchell & Co., Los Angeles, California.

G. C. Shannon. Member, American Institute of Accountants. Certified Public Accountant (Missouri, Pennsylvania and Tennessee). With Peat, Marwick, Mitchell & Co., Pittsburgh, Pennsylvania.